
MINISTERIAL COUNCIL

POLICY STATEMENT ON FUTURE DIRECTIONS FOR CO-OPERATIVES

The Ministerial Council on Future Directions for Co-operatives comprises approximately 20 sector representatives and 11 Government Departments. The Council is examining the future operations of the co-operative movement in terms of legislation, education, economic interaction, research and statistical analysis, finance and marketing development.

The Council has created eight task oriented working parties, co-ordinated by a small Secretariat, to explore options for the promotion and development of the sector in these areas.

These working parties report regularly to the Ministerial Council, which meets on a quarterly basis.

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The Ministerial Council is concerned to promote and encourage the Co-operative sector in NSW and to foster a range of future initiatives.

The Ministerial Council believes that the Co-operative Sector should play an important role in the development of the NSW economy. Overseas experience shows that co-operatives provide access to goods, services and employment in a way that is complementary to the private and public sectors.

A co-operative movement's strength is only as great as its ability and willingness to co-operate effectively within itself.

The Ministerial Council's task is to encourage and co-ordinate the energy and vision of NSW co-operatives and to expand their range of services to the benefit of all citizens of NSW.

The following policy statement on co-operative development will hopefully create the foundation for future directions for the NSW Co-operative Sector:

1. The Ministerial Council believes that all co-operatives, regardless of the industries they represent and service, offer a workable model for economic and social democracy. Co-operative enterprise in New South Wales should be based upon the principles adopted by the International Co-operative Alliance as incorporated in amendments to the NSW Co-operation Act of 1923, as follows:

1.1 Open and Voluntary Membership

Membership of a co-operative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

1.2 Democratic Control

Co-operative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members should enjoy equal rights of voting (one member, one vote) and

participation in decisions affecting their societies.

1.3 Limited Interest on Shares

Share capital should only receive a strictly limited rate of interest, if any.

1.4 Return of Surplus to Members

Surplus or savings, if any, belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- (i) by provision for development of the business of the co-operative;
- (ii) by provision of common services; or
- (iii) by distribution among the members in proportion to their transactions with the society.

1.5 Co-operative Education

All co-operative societies should make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic.

1.6 Co-operation among Co-operatives

All co-operative organisations, in order to best serve the interests of their members and of their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.

2. The Ministerial Council supports the promotion of the social and economic growth of the co-operative movement in the following areas:

2.1 Legislation

2.1.1 Ensure that all relevant Acts of Parliament governing the various segments of the co-operative sector include a definition of a co-operative organisation which incorporates the six co-operative international principles while paying due regard to the different industries within the Co-operative Sector.

2.1.2 Promote uniform legislation for each of the co-operative segments throughout Australia.

2.1.3 Ensure the Co-operation Act, Credit Union Act, Permanent Building Societies Act and the Friendly Societies Act:

- contain a modern flexible framework adaptable to changing economic realities and social circumstances.
- that they specify takeover procedures commensurate with the Companies (Acquisition of Shares, NSW) Code, which ensure that takeovers are conducted in an orderly, ethical and equitable manner.

2.1.4 Ensure that the relevant Acts of Parliament adequately protect the interests of active co-operative members (wet shareholders) and provides for the removal from membership of inactive members (dry shareholders).

2.2 Economic Growth of the Co-operative Sector

2.2.1 Ensure that the State Government's tendering and procurement procedures are known and accessible to all co-operatives.

2.2.2 Encourage intertrading between co-operatives.

2.2.3 Encourage trading between the Australian co-operative sector and overseas co-operatives.

2.2.4 Encourage the development of improved marketing within the sector.

2.3 Finance

2.3.1 Maximise the ability of the co-operative sector to meet its own financial needs.

2.3.2 Ensure that financial institutions and the legislation which regulates them do not discriminate against co-operatives.

2.4 Education

2.4.1 Modify existing secondary and tertiary curricula examining social and economic structures, to include the role and diversity of the Australian co-operative sector.

2.4.2 Encourage the use of TAFE, CAE's etc. for the training and education of management and members of co-operatives in subjects to include co-operative management, marketing, structures, operation and philosophy.

2.5 Government Relations

2.5.1 Seek recognition from the State Government that the economic and social democracy inherent in the co-operative structure is compatible with Government's objectives of local manufacture, economic development, employment growth and social equity.

2.5.2 Encourage the use by Government Departments of the co-operative sector for the provision of goods and services where appropriate.

3. The Ministerial Council recognises that a number of matters affecting the co-operative sector are the prerogative of the Federal Government. The Council recommends that the State Government makes representation to the Commonwealth as follows:

3.1 To the Prime Minister

To allocate Ministerial responsibility for the co-ordination of the national promotion and development of the Co-operative Sector.

3.2 To the Minister for Primary Industry

Seek his consent to create an Agricultural Co-operative Services Bureau with responsibility for research, extension, promotion and publication, co-operative development and policy formation and development of co-operative education programmes.

3.3 To the Treasurer

3.3.1 To have the Income Tax Assessment Act amended to:

- allow for a taxation deduction for moneys allocated to a special reserve fund of the co-operative for the express purpose of the development of the co-operative;
- broaden the application of Division 9 (~117 - ~121) to all co-operatives complying with co-operative principles;

3.3.2 To establish a task force to examine the feasibility of creating a co-operative banking system.